

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7721**

**BILL NUMBER:** SB 561

**NOTE PREPARED:** Feb 22, 2007

**BILL AMENDED:** Feb 22, 2007

**SUBJECT:** Public Safety Deferred Retirement Option Plan.

**FIRST AUTHOR:** Sen. Mishler

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) This bill permits a member of the 1977 Police Officers' and Firefighters' Pension and Disability Fund who retires because of a disability more than 12 months after the date the member enters the Deferred Retirement Option Plan (DROP) to choose whether to receive a retirement benefit calculated as if the member: (1) had never entered the DROP; or (2) exited the DROP on the date the member retires because of the disability.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) For the 1977 Police Officers' and Firefighters' Pension and Disability Fund, DROP members will continue to be funded as though they are active members. In other words, members in the DROP continue to contribute 6% of the first class salary (until they have 32 years of service) and the employer continues to contribute 21% of the first class salary. These contributions continue while the members are in the DROP.

Since the DROP was designed to be actuarially neutral and this legislation does not otherwise increase benefits, this bill would not have any fiscal impact.

**Explanation of Local Revenues:**

**State Agencies Affected:** Public Employees' Retirement Fund as administrators of the 1977 Police Officers'

and Firefighters' Pension and Disability Fund.

**Local Agencies Affected:** Those municipalities with members in the 1977 Police Officers' and Firefighters' Pension and Disability Fund.

**Information Sources:** Doug Todd of McCready & Keane, Inc., actuaries for PERF and the 1977 Police Officers' and Firefighters' Pension and Disability Fund, 317- 576-1508.

**Fiscal Analyst:** James Sperlik, 317-232-9866.